

\$683 Billion: Defining the Democrats Tax Hike

The Democrat FY2009 Budget Proposal would increase taxes \$683 billion over the next 5 years, according to the [Congressional Budget Office](#). In order to offset increased Washington spending, the Democrats will increase individual income tax rates, cut the child tax credit, bring back the marriage penalty, reduce small business tax credits, and raise dividends and capital gains taxes.

Cutting the Child Tax Credit

The Democrat budget would cut the child tax credit in half, from \$1,000 to \$500, after 2010. According to House Budget Committee Republicans, the Democrats' plan will burden American families an additional \$50.9 billion in taxes over the next 5 years.

Return of the Marriage Penalty

In 2001, Republican-enacted tax cuts reduced the marriage penalty in the tax code, which arises because of the progressive rate structure of U.S. income taxes. The Democrats Budget proposal lets these tax cuts expire so that some married couples pay more taxes than if they had filed separately as singles. House Budget Committee Republicans estimate that the Democrat' proposal will penalize married couples with an additional \$25.4 billion in taxes.

Income Tax Hikes for All Americans, including Low-Income Families

Republican tax cuts have lowered income rates for all Americans. These tax cuts include a reduced rate of 10 percent for over 100 million taxpayers in the lowest-income brackets. According to the Tax Policy Center, failure to extend this tax cut will result in a [\\$472 billion tax increase](#) on lower-income taxpayers over the next 10 years.

Raise Taxes on Dividends and Capital Gains

Republican-led tax cuts have reduced taxes on dividends and capital gains by more than half. Individuals in the bottom two tax brackets now pay zero percent on capital gains. The Democrat proposal will let these taxes on lower-income individuals and seniors increase to 10 percent. According to CBO projections, the Democrat budget intends to undue this pro-growth tax relief, costing Americans an additional \$318 billion over the next 10 years.

Death Tax

In 2001, Republicans enacted tax relief that phases out the death tax by 2010. This tax penalizes families for handing down the family farm or small business to the next generation. According to the Congressional Budget Office (CBO), the Democrat budget will saddle these families and the American economy with \$181 billion tax hike over the next 5 years.

- "Heritage Foundation economist William Beach estimates that the federal estate tax alone costs the U.S. between 170,000 and 250,000 potential jobs each year." ([Heritage Foundation, 8/30/2005](#))

Reducing Tax Incentives for Small Businesses

The Democrat budget will dramatically reduce tax incentives for American small businesses, which saved an average of \$5,169 last year due to Republican tax cuts. According to CBO, these taxes will cost small businesses an additional \$13 billion over the next 5 years.